

Community Development Committee:

TOPIC: Affordable Housing



March 23, 2021 @ 6:00 PM



Relevant Topics



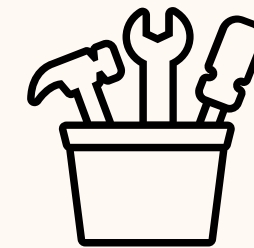
Data

- Rental Costs/Increases
- Housing Value/Increases
- Cost Burden
- Location Factors



Issues

- Zoning
- Historic District Regs.
- Development
- Management



Tools

- Existing Tools
- Policies
- Incentives

Data

- Income
- Housing Values
- Rent
- Rents by Location



Apt. Units Approved:

(2014-2020)

Market Rate: 887

Affordable: 0

Income

- AMI (Area Median Income-Household of 1):
 - 2017 AMI - \$51,880
 - 2020 AMI - \$54,701
 - 5.44% increase in AMI from 2017-2020
- LMI (Low and Moderate Income)
 - 46% (34,905 people) of the City's population
- Poverty: 11.4% of City's population live at or below poverty
- 43% of the households are cost burdened (LVPC, ACS)



City Household Income:

- <\$25,000: 24.4%
- \$25,000-\$49,999: 24.1%
- \$50,000-\$74,999: 18.7%
- \$75,000-\$149,999: 25.1%
- >\$150,000: 7.6%

Census, 2020 Consolidated Plan



Housing Values

Housing Sales Price:

- Median Sales Price - \$155,385

2018 B3 Initiative

- *Median Sales Price* has increased 4% in 5 years;
11% in 10 years

2020 LVPC, Northampton/Lehigh County Assessment Dept.

Rents:

- Median Contract Rent:
\$810/month

Census, 2020 Consolidated Plan

- Trends from 2015 & 2020
Consolidated Plan:
 - Median Contract Rent
Increase: 18%



Rents



Rents/Month

- Efficiency - \$740
- 1 BR - \$831
- 2 BR - \$1,110
- 3 BR - \$1,348
- 4 BR - \$1,230

LVPC, 2020 County Assessment Data

Recent New Construction Average Rent

- \$1,500 – avg. 1BR
- \$1,725 – avg. 2BR

**Average Apartment Size: 935 sf*

Trends from 2015 to 2019:

- Median Gross Rent Increase: 10%

LVPC, 2020 County Assessment Data

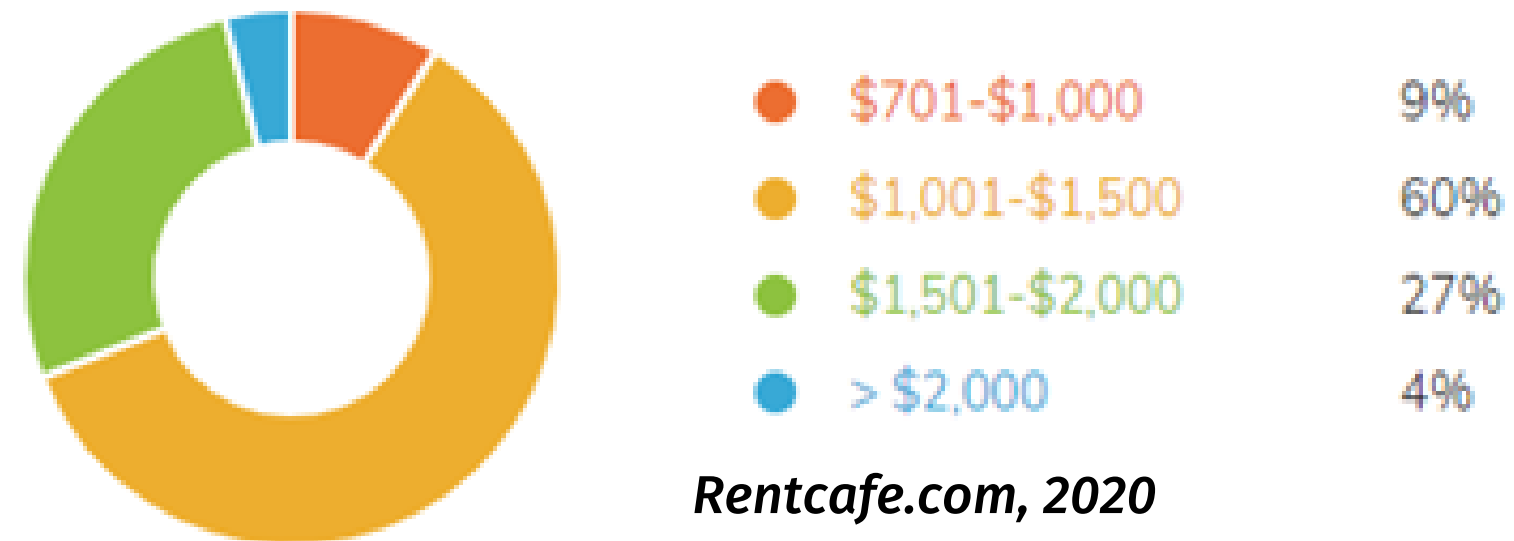


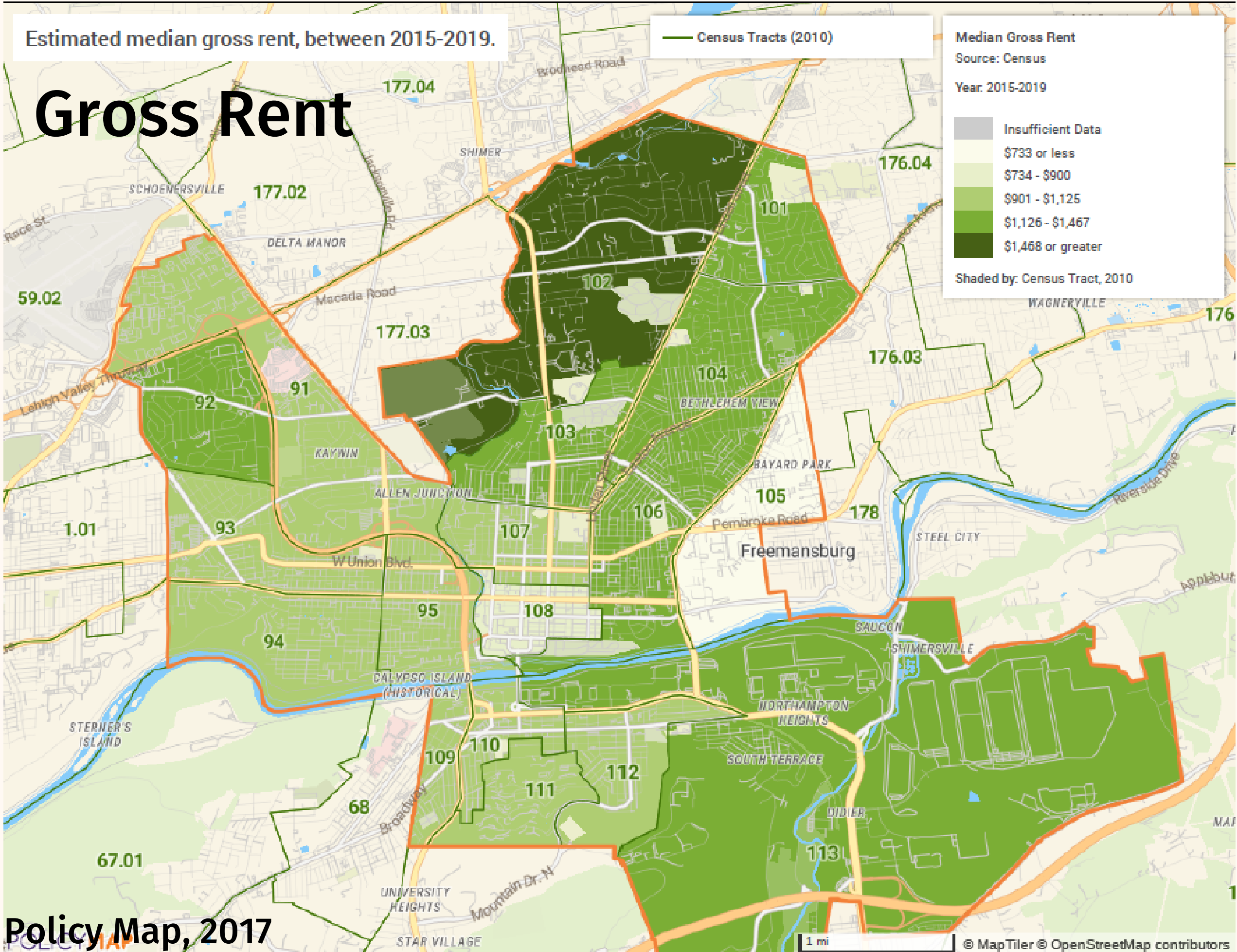
Income Required for Following Rents:

(and not be cost burdened):

- \$700-1,000 - \$30,000-43,000
- \$1,001-1,500 - \$43,000 - \$66,000
- \$1,501-2,000 - \$66,000 - \$87,600
- \$2,001 or more - >87,600

Bethlehem, PA Apartment Rent Ranges





Problem - Issues

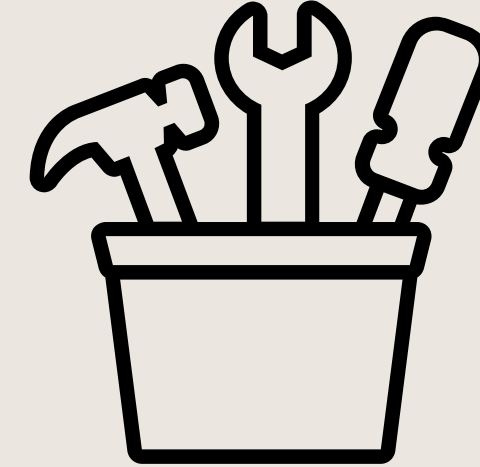
High number of cost burdened households

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Issues:

- Limited development opportunities
- High cost of construction
- Extended timeline for development
- Lack of community-based housing entities
- Insufficient workforce housing incentives
- Management of affordable units

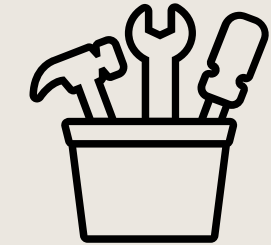




Tools

- Existing Tools
- Policy Considerations
- Regulatory Incentive Opportunities
- Funding Incentives

XI Existing Tools



City Incentives Currently In Place



SALDO

New affordable units are not subject to recreation fees.



Stormwater Impact Fees

Allows a decrease in the stormwater impact fees for low income residents.



Zoning

Workforce Housing Incentive provides a density bonus for projects of 20 units or more in certain zones.



Policy Considerations



Simplicity

Enable simple ways to get developer participation

Location

Target neighborhoods with strong housing markets

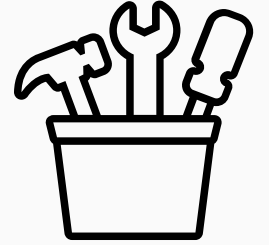
Flexibility

Provide developers with participation options that fit the market

Incentives

Provide a sufficient range of incentives to off-set reduced rents or home sale costs.

Regulatory Incentive Opportunities



- Inclusionary zoning
- Parking
- Building height
- Density
- Permit accessory units
- Reduce activities requiring Zoning Hearing Board
- Reduce development fees
- Permitted by-right
- Design flexibility



New Bethany Ministries, Energy Makeover, 2017



Funding Incentives

Existing Funding Sources/Programs

- CDBG and HOME
- Bethlehem Housing Assistance Program-1st Time Homebuyer Program
- Lehigh Valley Community Land Trust
- Bethlehem Housing Rehabilitation Program
- Bethlehem Housing Emergency Repair Program
- CACLV Weatherization Program

Potential Funding Sources

- LERTA Tax Abatement
- Tax Increment Financing
- Establish an affordable housing fund



Conclusions...

- The best decisions are based on the sound and objective analysis of quantitative and qualitative data.
- City of Bethlehem has to lead this conversation because the market alone will not meet the need.
- Public policy and subsidy must leverage private investment and create conditions for investment to occur.
- When incentivizing economic development, Bethlehem has always offered a variety of tools to attract development. The same approach is needed to attain affordable housing.